

MEETING NO. **4205**
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD **WEDNESDAY, MARCH 07, 2018**

10:00 A.M.

RETIREMENT SYSTEMS' CONFERENCE ROOM
ALLY DETROIT CENTER, 500 WOODWARD; SUITE 3000
DETROIT, MICHIGAN 48226

TRUSTEES PRESENT

Wendell Anthony
Lori Cetlinski
Tasha L. Cowan
Kimberly Hall-Wagner
Christa Mclellan
John Naglick
June Nickleberry
Thomas Sheehan

Trustee
Trustee
Trustee/Chair
Trustee
Ex-Officio Trustee/City Treasurer
Ex-Officio Trustee/Finance Director
Trustee/Vice-Chair
Trustee

TRUSTEES EXCUSED

Scott Benson

Ex-Officio Trustee/City Council Member

TRUSTEES ABSENT

None

ALSO PRESENT

David Cetlinski
Ryan Bigelow
Michael Vanoverbeke
Kevin Kenneally
TaKneisha Johnson

Executive Director
Chief Investment Officer
General Counsel
Investment Officer
Administrative Assistant III

STAFF EXCUSED

Gail A. Oxendine

Assistant Executive Director

CHAIRPERSON

Tasha L. Cowan

The Board's Administrative Assistant took a verbal Roll Call at 10:13 a.m. and Chairperson Cowan called the meeting to order.

Present at Roll Call: Tasha L. Cowan, Lori Cetlinski, Kimberly Hall-Wagner, Christa Mclellan, June Nickleberry and Thomas Sheehan

Re: Legacy Plan Service Retirement(s)

Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

RESOLVED, that the application(s) for retirement from the **COMPONENT II (LEGACY) PLAN** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Debra A. Davis-Brame – Trans Dist Supt - Transportation
SERVICE CREDIT	19-07
EFFECTIVE DATE	12-23-17

NAME, TITLE, DEPARTMENT	Donald Marshall – Steamfitter - Transportation
SERVICE CREDIT	09-00
EFFECTIVE DATE	02-23-18

NAME, TITLE, DEPARTMENT	James Strong – TEO – Transportation
SERVICE CREDIT	09-06
EFFECTIVE DATE	11-08-17

NAME, TITLE, DEPARTMENT	Mowafak Tokatly – Inspector – Water & Sewerage
SERVICE CREDIT	13-07
EFFECTIVE DATE	03-10-18

Yeas: Cetlinski, Cowan, Hall-Wagner, Mclellan, Nickleberry and Sheehan – 6

Nays: None

Re: Early Retirement(s)

Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

RESOLVED, that the application(s) for **EARLY RETIREMENT** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Timothy A. Beckett – Supv Asst Corp Counsel - Law
SERVICE CREDIT	22-11
EFFECTIVE DATE	02-23-18

NAME, TITLE, DEPARTMENT	Beverly Johnson – Supv Acct III – Finance
SERVICE CREDIT	21-06
EFFECTIVE DATE	04-04-18

Yeas: Cetlinski, Cowan, Hall-Wagner, Mclellan, Nickleberry and Sheehan – 6

Nays: None

Re: Option Change

Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

RESOLVED, that the application(s) for **OPTION CHANGE** which is outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Judy Drains – TEO - Transportation
SERVICE CREDIT	02-10
EFFECTIVE DATE	03-01-18
FROM:	Straight Life
TO:	Straight Life – Equate Age 65

Yeas: Cetlinski, Cowan, Hall-Wagner, Mclellan, Nickleberry and Sheehan – 6

Nays: None

Re: Change of Computation

Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

RESOLVED, that the application(s) for **CHANGE OF COMPUTATION** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Larry D. Craig – General Auto Mechanic - Transportation
SERVICE CREDIT	26-10
EFFECTIVE DATE	02-10-18

NAME, TITLE, DEPARTMENT	Carol W. Robinson – Detent Fac Off-FP – Police (Civilian)
SERVICE CREDIT	19-06
EFFECTIVE DATE	02-27-18

Yeas: Cetlinski, Cowan, Hall-Wagner, Mclellan, Nickleberry and Sheehan – 6

Nays: None

Re: Legacy Plan Vested Retirement(s)

Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

RESOLVED, that the application(s) for **VESTED RETIREMENT** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Eleanor Dodd – Exec Sec II – Employment & Training
SERVICE CREDIT	18-03
EFFECTIVE DATE	03-01-18

NAME, TITLE, DEPARTMENT	Lawanda Hails – CC Adm Asst III – City Council
SERVICE CREDIT	22-04
EFFECTIVE DATE	03-01-18

Yeas: Cetlinski, Cowan, Hall-Wagner, Mclellan, Nickleberry and Sheehan – 6

Nays: None

Re: Legacy Plan Vested Retirement(s) -Continued

Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

NAME, TITLE, DEPARTMENT	Betsy Renee Spratt – Publicist I – Water & Sewerage
SERVICE CREDIT	13-03
EFFECTIVE DATE	04-01-18

Yeas: Cetlinski, Cowan, Hall-Wagner, Mclellan, Nickleberry and Sheehan – 6

Nays: None

Re: Hybrid Plan Service Retirement(s)

Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

RESOLVED, that the application(s) for retirement from the **COMPONENT I (HYBRID) PLAN** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Debra A. Davis-Brame – Trans Dist Supt - Transportation
SERVICE CREDIT	03-06
EFFECTIVE DATE	12-23-17

NAME, TITLE, DEPARTMENT	Donald Marshall – Steamfitter - Transportation
SERVICE CREDIT	03-08
EFFECTIVE DATE	02-23-18

NAME, TITLE, DEPARTMENT	Kevin Redmond – General Auto Mechanic - Transportation
SERVICE CREDIT	02-11
EFFECTIVE DATE	03-01-18

NAME, TITLE, DEPARTMENT	Alice Robinson – Lib-Cust Sup Rep 1-H - Library
SERVICE CREDIT	01-04
EFFECTIVE DATE	02-01-18

Re: Hybrid Plan Service Retirement(s) – Continued

Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

NAME, TITLE, DEPARTMENT Mowafak Tokatly – Construction Inspector –
Water & Sewerage
SERVICE CREDIT 02-08
EFFECTIVE DATE 03-10-18

Yeas: Cetlinski, Cowan, Hall-Wagner, Mclellan, Nickleberry and Sheehan – 6

Nays: None

RECEIPTS: The Board received the following receipts for Acknowledgment:

Cash Receipts
RSCD - General Hybrid Liquid Reserve
Start Date: 2/19/2018
End Date: 3/5/2018

<u>Doc. Date</u>	<u>Description</u>	<u>Receipt</u>
2/23/2018	Pretax Pension Contribution	100,052.75
2/23/2018	Annuity After Tax	65,255.89
3/2/2018	Pretax Pension Contribution	239,143.77
		<u>404,452.41</u>

Cash Receipts
RSCD - General Legacy Liquid Reserve
Start Date: 2/19/2018
End Date: 3/5/2018

<u>Doc. Date</u>	<u>Description</u>	<u>Receipt</u>
		-
	Total Receipts	<u>\$ 404,452.41</u>

Re: Fees and Expenses

Resolution Moved By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

WHEREAS, the Board has been presented with the List of Disbursements for Board Approval which is referenced below requesting payment for Fees and Expenses, and

WHEREAS, the Board has been requested to approve payment of said Fees and Expenses;
THEREFORE BE IT

RESOLVED, that subject to staff audit and approval of all Legal Fees by the Board's General Counsel, the Board **APPROVE** payment of the following Fees and Expenses:

Disbursements				
General Retirement System			Page:	1 of 2
			Date:	3/5/2018 2:25 PM
Account	Payment Method	Currency		
F ACCT PAY	ACH	US		
Vendor Name	Invoice Number	Invoice Description	Amount To Pay	
500 WEBWARD LLC	850902	Electrical Billing 1/31/18-2/27/18, Meter #16055044	726.27	
500 WEBWARD LLC	850903	Electrical Billing 1/31/18-2/27/18, Meter #16055070	902.36	
500 WEBWARD LLC	49842	Rent - March 2018	23,765.03	
Bridgett Hardy	022818	IT Contractual Wages - February 2018	4,760.35	
James R. Hollins	022818	IT Contractual Wages - February 2018	4,191.36	
Raymond R. Tchou	022818	IT Contractual Wages - February 2018	7,889.60	
Scott D. Vrooman	022818	IT Contractual Wages - February 2018	204.75	
Venkat Rallapalli / Highbrow Systems, Inc.	022818	IT Contractual Wages - February 2018	6,013.35	
Cash Account/Payment Method Total:			8 Documents	48,453.07
F ACCT PAY	CHECK	US		
Vendor Name	Invoice Number	Invoice Description	Amount To Pay	
Bodman	636398	Revize Web Services Sales Agreement Review	1,175.45	
CANON SOLUTIONS AMERICA, INC	4025097040	Copier Maintenance	78.49	
COMCAST	021718	High Speed Internet	178.63	
CRESTWOOD ASSOCIATES L.L.C.	INV030019	Acumatica Implementation	225.00	
DELL MARKETING, LP	10224519768	Computer Equipment	341.59	
FEDEX	5-891-56501	FedEx Mailing	55.45	
FEDEX	6-095-27815	FedEx Mailing	23.97	
FEDEX	6-102-75230	FedEx Mailings	49.79	
First CHOICE Coffee Services	534722	Coffee Supplies	98.42	
First CHOICE Coffee Services	537654	Equipment Rental	11.12	
IRON MOUNTAIN	146507	Data Domain Service	1,335.45	
Iron Mountain Records Management	PWG848	Records Storage	1,705.24	
NAGDCA	9898380	Membership	150.00	
OFFICE DEPOT	107077616001	Office Supplies	71.48	
OFFICE DEPOT	107077617001	Office Supplies	58.72	
OFFICE DEPOT	107077619001	Office Supplies	1.24	
F ACCT PAY	CHECK	US		
Vendor Name	Invoice Number	Invoice Description	Amount To Pay	
OFFICE DEPOT	107077620001	Office Supplies	4.99	
OFFICE DEPOT	107077618001	Office Supplies	19.99	
PENSION BENEFIT INFORMATION	72570	Death Audit Service	850.00	
PROCENTIA, INC	2261	Procentia License & Implementation	3,094.06	
QUILL CORPORATION	4759144	Office Supplies	194.63	
REGINALD E. ONEAL	022218	Medical Billing 10/16/17-1/23/18	270.00	
Cash Account/Payment Method Total:			22 Documents	9,993.71

* Payment amount is estimated based on the effective date 3/5/2018

Yeas: Cetlinski, Cowan, Hall-Wagner, Mclellan, Nickleberry and Sheehan – 6

Nays: None

Re: Refunds of Accumulated Contributions

Motion By: Trustee Sheehan - Supported By: Trustee Cetlinski

RESOLVED, that the contributions to the Annuity Savings Fund by members of the General Retirement System, as set forth:

List No. 7350 - \$276,312.41

List No. 7351 - \$297,771.83

including interest, be **REFUNDED**, pending audit by the Retirement Systems' Accounting Staff.

Yeas: Cetlinski, Cowan, Hall-Wagner, Mclellan, Nickleberry and Sheehan – 6

Nays: None

Re: Employee Loan Program February 28, 2018

Motion By: Trustee Sheehan - Supported By: Trustee Cetlinski

RESOLVED, that the disbursements for the Employee Loan Program by members of the General Retirement System, as set forth in the amount of: **\$13,859.00** including interest, be hereby **APPROVED**.

Yeas: Cetlinski, Cowan, Hall-Wagner, Mclellan, Nickleberry and Sheehan – 6

Nays: None

Re: Employee Loan Program March 07, 2018

Motion By: Trustee Sheehan - Supported By: Trustee Cetlinski

RESOLVED, that the disbursements for the Employee Loan Program by members of the General Retirement System, as set forth in the amount of: **\$34,241.00** including interest, be hereby **APPROVED**.

Yeas: Cetlinski, Cowan, Hall-Wagner, Mclellan, Nickleberry and Sheehan – 6

Nays: None

Re: Minutes/Journal No. 4203 – (02/07/18)

Motion By: Trustee Sheehan - Supported By: Trustee Cetlinski

RESOLVED, that the Minutes/Journal of Proceedings of the General Retirement System of the City of Detroit, of Meeting **No. 4203**, held on **February 07, 2018**, be hereby **APPROVED** as recorded and submitted.

Yeas: Cetlinski, Cowan, Hall-Wagner, Mclellan, Nickleberry and Sheehan – 6

Nays: None

Open Forum

Chairperson **Tasha L. Cowan** opened the meeting for public discussion:

Wife of deceased City of Detroit Retiree Mark Johnson, **Ruselda Johnson and Lance Mason** (Estate Planner) addressed the Board regarding the following:

- Survivor benefit request/question
 - General Counsel Michael Vanoverbeke opined that plan provisions do not allow for spousal benefits if the member had not applied for any prior to their death.

City of Detroit Retiree and Vice-President of D.A.R.E.A. (Detroit Active and Retired Employee Association) **Cecily McClellan** addressed the Board regarding the following:

- Defined Pension Plan composition
- Pension Funding Level
- ASF (Annuity Savings Fund) Recoupment

EXECUTIVE DIRECTOR'S REPORT

Executive Director, **David Cetlinski**, addressed the following with the Board of Trustees:

- Press Release Edits
- Conference Approval
 - ARES Energy Investors Fund Monday April 9, 2018 and Tuesday April 10, 2018.

Motion by: Trustee Sheehan– Seconded by Trustee Nickleberry, motion to approve the ARES Energy Investors Conference scheduled for Monday April 9⁻¹⁰, 2018. The motion passed by a unanimous vote.

~Executive Director's Report concludes~

- ***Trustee John Naglick entered the Board Meeting at 10:27 a.m.***
- ***Trustee Wendell Anthony entered the Board Meeting at 10:39 a.m.***

Employee Loan Discussion

- *The Board of Trustees engaged in a brief discussion regarding the employee loan program.*

GENERAL COUNSEL'S REPORT

Francis Judd, for General Counsel Michael VanOverbeke, in addition to his formal legal report discussed the following matters with the Board:

- Kenneth Young Sr. ASF Recoupment
- Carl Melchior v. Board of Trustees of the General Retirement System of the City of Detroit (update)
- Fort Shelby Residential Project
- Update on Cedric Cook

~General Counsel's Report concludes~

Re: Fort Shelby Residences, Detroit, Michigan: Partial Discharges of Mortgage and Terminations of Assignment of Leases and Rents

Resolution Moved By: Trustee Sheehan – Supported By: Trustee Nickleberry

WHEREAS, the General Retirement System of the City of Detroit has made a loan to Fort Shelby Residential, LLC, a Michigan limited liability company (“Borrower”) in the aggregate principal amount of \$14,650,000.00 (the “Loan”), which Loan was for the purpose of partially financing Borrower’s development and subsequent sale as condominium units of that certain building commonly known as the Fort Shelby Residences at 525 W. Lafayette, Detroit, Michigan,

WHEREAS, in connection with the closing on the Loan, the Borrower executed and delivered certain Loan Documents to the Retirement System to evidence and secure the Loan, among which were a Mortgage and an Assignment of Leases and Rents,

WHEREAS, the Borrower has begun the process to sell the condominium units and intends to repay portions of the Loan as said condominium units are sold, and in connection with each repayment, the Borrower has requested the Retirement System execute a Discharge of Mortgage and a Termination of Assignment of Leases and Rents for each condominium unit sold,

WHEREAS, the Retirement System’s special legal counsel, F. Logan Davidson, P.C., has prepared condominium unit-specific discharge documents in connection with the sale of each condominium unit that is to be sold,

WHEREAS, in connection with the sale of each condominium unit, the Retirement System’s real estate advisor, Banyan Realty Advisors, LLC, will review the respective sales documents for each condominium unit to be sold, the sale price of each respective condominium unit and the amount that will be paid to the Retirement System from the sales proceeds of each respective condominium unit,

WHEREAS, this resolution has been approved as to form by the Board’s general counsel, now therefore, be it

RESOLVED, that said discharge documents for all condominium units be executed by two authorized signatories on behalf of the Retirement System and be delivered to the Retirement System’s special legal counsel to be (i) held in escrow by the Retirement System’s special legal counsel until special legal counsel has received a report from the Retirement System’s real estate advisor for each respective unit that states the amount of funds to be paid to the Retirement System from the proceeds of each sale, and (ii) then delivered on a sale-by-sale basis by special legal counsel to the title insurance company in escrow with instructions to release said discharge documents for each respective unit only when the title insurance company is prepared to deliver the amount of funds referred to in the real estate advisor’s report for each respective unit to the Retirement System, and be it further

Re: Fort Shelby Residences, Detroit, Michigan: Partial Discharges of Mortgage and Terminations of Assignment of Leases and Rents – Continued

Resolution Moved By: Trustee Sheehan – Supported By: Trustee Nickleberry

RESOLVED, that a copy of this resolution be forwarded to the Borrower, to Banyan Realty Advisors, LLC and to F. Logan Davidson, P.C.

Yeas: Anthony, Cetlinski, Cowan, Hall-Wagner, Mclellan, Naglick, Nickleberry
and Sheehan – 8

Nays: None

Re: Entering into Closed Session

Resolution Moved By: Trustee Sheehan – Supported By: Trustee Anthony

WHEREAS, the Retirement System is subject to the limitation of the Open Meetings Act (“OMA”) being MCL 15.261 et seq. and has adopted a resolution on October 24, 2012 relative thereto; **THEREFORE BE IT**

RESOLVED, that the Board enter into Closed Session to discuss pending litigation matters.

A Roll Call Vote was taken as follows:

Yeas: Anthony, Cetlinski, Cowan, Hall-Wagner, Mclellan, Naglick, Nickleberry
and Sheehan – 8

Nays: None

The Board entered into **Closed Session** at 11:18 a.m.

➤ *Trustee Kimberly Hall-Wagner left the Board Meeting at 12:02 p.m.*

Re: Open Session

Motion By: Trustee Anthony – Supported By: Trustee Sheehan

RESOLVED, that the Board come out of Closed Session.

Yeas: Anthony, Cetlinski, Cowan, Mclellan, Naglick, Nickleberry and Sheehan – 7

Nays: None

The Board returned to **Open Session** at 12:11 p.m.

Re: Carl Melchior Settlement Agreement Approval

Resolution Moved By: Trustee Nickleberry – Supported By: Trustee Cetlinski

WHEREAS, the Board of Trustees (the “Board”) of the General Retirement System (“Retirement System”) of the City of Detroit is vested with the authority and fiduciary responsibility for the administration, management, and operation of the Retirement System, and

WHEREAS, the Board has fiduciary duties to the members and beneficiaries of the Retirement System and shall discharge these duties solely in their interests for the exclusive purposes of providing benefits and defraying reasonable expenses, and

WHEREAS, on December 22, 2016, Mr. Carl Melchior served the Retirement System with his Complaint, alleging that the Retirement System is erroneously paid a portion of his defined benefit to his former spouse, Ms. Margaret Melchior, in violation of the terms of their Qualified Domestic Relations Order (QDRO) entered on September 27, 1989, and

WHEREAS, the Board authorized its General Counsel to engage in settlement discussions with Mr. Melchior’s legal counsel, Mr. John Conway and Ms. Melchior’s legal counsel, Mr. James Alle, and

WHEREAS, General Counsel, Mr. Conway, and Mr. Alle have agreed to the terms of a proposed Settlement Agreement, a copy of which has been provided to, and discussed with the Board, and

WHEREAS, the Board has reviewed the terms of the Settlement Agreement, therefore be it

RESOLVED, that the Board hereby approves the Settlement Agreement, subject to all parties signing the Settlement Agreement and will direct its staff to pay benefits in accordance with the terms of the Settlement Agreement and in accordance with the Retirement System’s Plan Documents and applicable Plan provisions, and further

RESOLVED, that General Counsel and Chairperson Cowan are authorized to sign the Settlement Agreement, and further

Re: Carl Melchior Settlement Agreement Approval - Continued

Resolution Moved By: Trustee Nickleberry – Supported By: Trustee Cetlinski

RESOLVED, that the terms and conditions of the Settlement Agreement will only become effective if all parties sign the Settlement Agreement and if Mr. Conway signs the appropriate stipulated dismissal Order that dismisses Mr. Melchior's Complaint against the Retirement System, after which the Settlement Agreement's terms and conditions will be processed by the Retirement System as soon as administratively feasible thereafter, and further

RESOLVED, that the payment of benefits be made in accordance with the terms of the Settlement Agreement, and further

RESOLVED, that copies of this Resolution be sent to Mr. John Conway, attorney for Mr. Melchior, and to Mr. James Alle, attorney for Ms. Melchior

Yeas: Anthony, Cetlinski, Cowan, Mclellan, Naglick, Nickleberry and Sheehan – 7

Nays: None

NEW BUSINESS/OLD BUSINESS

- *None*

ADJOURNMENT

There being no further business before the Board, **Chairperson Cowan** adjourned the meeting at 12:15 p.m. The Board's next meeting is scheduled for **Wednesday, March 21st, 2018**, at 10:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,

A handwritten signature in dark ink, appearing to read "David Cetlinski", written over a horizontal line.

DAVID CETLINSKI, EXECUTIVE DIRECTOR